

INTRODUCTION TO THE INDIAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

LEARNING OBJECTIVES:

After completing this module, you will have a working knowledge of the:

- History of the Indian Community Development Block Grant (ICDBG) program
- Primary objective of the ICDBG program
- ICDBG eligible applicants
- ICDBG eligible activities
- ICDBG Notice of Funding Availability (NOFA)
- Key definitions contained in the NOFA
- NOFA rating factors

A. INTRODUCTION

In 1974, Congress enacted the Housing and Community Development Act, replacing categorical community development programs such as the Neighborhood Facilities and Historic Preservation grant programs with the Community Development Block Grant (CDBG) program. At the same time, the Office of Indian Programs (OIP), the predecessor to the Office of Native American Programs (ONAP), was established. With the establishment of this Office, tribes had an advocate within HUD for their community development needs. The number of tribes receiving assistance to meet these needs increased significantly during this period as compared to the number of tribes receiving assistance under the earlier categorical programs.

Experience with the new CDBG program convinced many tribes and HUD OIP staff to develop a legislative strategy that would retain the flexibility and high degree of local autonomy afforded under the CDBG program. In 1977, amendments made to Title I of the Housing and Community Development Act of

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1974 provided for a special CDBG funding mechanism for Indian tribes and Alaska Native villages, currently known as the Indian Community Development Block Grant program or ICDBG. Under this funding program, Indian tribes and Alaska Native villages receive assistance to meet their community development needs without having to compete with cities and counties.

The ICDBG is authorized by Title I of the Housing and Community Development Act of 1974, as amended [42 U.S.C. 5301 *et seq.*]; sec. 7(d) of the Department of Housing and Urban Development Act [42 U.S.C. 3535 (d)]; and Community Development Block Grants for Indian Tribes and Alaska Native Villages, 24 CFR part 1003.

B. ICDBG PURPOSE

The ICDBG program provides Native American tribes and Alaska Native villages with assistance to develop viable communities, including decent housing, suitable living environments, and economic development opportunities. Applicants compete for funding with other tribes or eligible tribal organizations within their ONAP area.

The ICDBG program funds two types of grants:

1. Single purpose grants.

Single purpose grants are competitively-awarded grants that provide funds for activities designed to meet a specific community development need. A single purpose grant must primarily benefit low- or moderate-income ("LMI") persons as defined in 24 CFR Section 1003.4. The rating criterion for the grants is published annually in the ICDBG NOFA.

2. Imminent threat grants

The imminent threat grant is awarded only if the Area ONAP determines that the requirements of 24 CFR Section 1003.400 – *Criteria for Funding* are met and funds are available. Selection of an imminent threat grant is based upon the criteria established in the ICDBG regulations.

An imminent threat is determined to exist when the request meets the requirement of the regulation. An example of an imminent threat would be

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a mud slide which damaged a sewer system serving low income housing residents.

C. ICDBG's PRIMARY OBJECTIVE

The primary objective of the ICDBG program is the development of viable communities by providing decent housing and a suitable living environment and expanding economic opportunities principally for persons of low and moderate income. Consistent with this objective, not less than 70% of the expenditures of each single purpose grant must be for activities which benefit LMI residents. There are four options for identifying and documenting that the objective is being accomplished. The options are:

- **Area benefit**

The project benefits all residents of an area where 51% of the residents are LMI as defined by family size. LMI compliance can be documented by census or survey data. The project area must be residential.

- **Limited clientele**

When an ICDBG project is benefiting a limited clientele, at least 51% of the clientele served must be LMI persons. There are a number of ways to document that the limited clientele satisfies the 51% requirement. Detailed below are several examples:

- Implement income eligibility requirements;
- Be of such nature and location that the activity's clientele is LMI.

If the activity exclusively serves one of the following groups, it may be presumed to serve LMI persons. The groups include:

- abused children
- battered spouses
- homeless
- illiterate adults
- persons living with AIDS
- migrant workers
- elderly persons

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- adults meeting the Bureau of the Census' current Population Reports definition of "severely disabled"

Projects may focus on removing material or architectural barriers to the mobility or accessibility of elderly persons or severely disabled adults.

Projects may also support LMI persons who are developing or own microenterprises.

- **Housing**

Housing projects meet the primary objective if they provide or improve permanent residential structures for LMI households. Single family structures must each be LMI occupied. Duplexes must have at least one unit occupied by a LMI household. Structures with three or more units must have at least 51% occupancy by LMI households.

- **Job creation and retention**

Job creation and retention projects are designed to create or retain permanent jobs where at least 51% of the jobs, computed on a full-time equivalent basis, involve the employment of LMI persons. Jobs may either be held by or made available to LMI persons. If jobs are deemed to be available to LMI persons, these activities can be considered only if special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, unless the employer offers to provide the training needed for position. In addition, LMI persons must receive first consideration for filling such available jobs.

D. ELIGIBLE APPLICANTS

Eligible applicants for ICDBG assistance include:

- **Federally Recognized Indian Tribes and Alaska Natives**

All Federally recognized Indian tribes, bands, or nations, including Alaska Indians, Aleuts and Eskimos, and any Alaska Native village considered under Title I of the Indian Self-Determination and Education Assistance Act [25 U.S.C. 450]. The Bureau of Indian Affairs (BIA) or the Indian Health Service (IHS) must make a determination of such eligibility. The

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BIA Federal Register Notice that is published periodically lists the federally recognized tribal entities. This notice was last published on December 5, 2003 (68 FR 68180).

- **Tribal Organizations**

Tribal organizations are permitted to submit applications on behalf of eligible tribes when one or more eligible tribes authorize the organization to do so under concurring resolutions. The tribal organization must be eligible under Title I of the Indian Self-Determination and Education Assistance Act. The Bureau of Indian Affairs or Indian Health Service will make such a determination. This determination must be provided to the Area ONAP by the application due date. If a tribe or tribal organization claims that it is a successor to an eligible entity, documentation will be reviewed to determine whether it is in fact the successor entity.

- **Alaska Native Claims Settlement Act (ANCSA)**

ANCSA Village Corporations and Regional Corporations are eligible to apply for ICDBG grants pursuant to Title I of the Indian Self-Determination and Education Assistance Act. Only one ICDBG application may be submitted for each area within a jurisdiction. A tribal organization that submits for activities within the jurisdiction of one or more eligible tribes or villages must include a concurring resolution for each tribe and/or village. Each resolution must indicate that the tribe or village itself does not intend to apply. The hierarchy for funding priority is: IRA Council; the Traditional Village Council; the ANCSA Village Corporation; and the ANCSA Regional Corporation.

E. IDENTIFYING ELIGIBLE ICDBG ACTIVITIES

Activities that are eligible for ICDBG funding are identified at 24 CFR part 1003, subpart C. The annual NOFA will provide information about restrictions on eligible activities for the ICDBG funding.

Eligible activities include, but are not limited to:

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1. Acquisition of Property

Depending upon the purpose of the land acquisition, purchasing land can be requested for the following purposes: land to support new housing or as part of new housing construction, public facilities and improvements, or economic development.

2. Assistance to Institutions of Higher Learning

If the institution of high learning has the capacity, it can help an ICDBG grantee to implement eligible projects.

3. Community Based Development Organization (CBDO) Assistance

Grantees may provide assistance to CBDOs to undertake activities related to neighborhood revitalization, community economic development, or energy conservation.

4. Clearance and/or Demolition

Clearance and/or demolition can be proposed as part of a housing rehabilitation, new housing construction, public facilities and improvements, economic development or land to support new housing activity.

24 CFR Section 1003.201(d) states “Demolition of HUD-assisted housing units may be undertaken only with the prior approval of HUD”.

5. Code Enforcement

Code enforcement can be proposed as housing rehabilitation. The activity must comply with 24 CFR Section 1003.202.

6. Comprehensive Planning

Comprehensive planning can be proposed as part of any otherwise eligible project. Comprehensive planning is subject to the 20 % limitation on the grant for planning and administration.

7. Energy Efficiency

Depending upon the specific type of energy efficiency activity, it can be proposed under housing rehabilitation or public facilities and improvement projects.

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8. Lead Based Paint Abatement and Evaluation

Lead based paint abatement and evaluation can be proposed under a housing rehabilitation project.

9. Non-Federal Share

ICDBG funds can be used as a match for any non-ICDBG funding to the extent allowed by such funding and the activity is eligible under 24 CFR part 1003, subpart C.

10. Privately and Publicly Owned Commercial or Industrial Building – Real Property Improvement

These activities can be proposed under economic development projects. Privately owned commercial rehabilitation is subject to the requirements listed under 24 CFR Section 1003.202.

11. Privately Owned Utilities

Providing assistance to privately owned utilities can be proposed under public facilities and improvement projects.

12. Removal of Architectural Barriers

Removal of barriers that restrict mobility and/or access for the elderly and/or persons with disabilities can be proposed as either a housing rehabilitation or public facility and improvements project.

F. NOTICE OF FUNDING AVAILABILITY (NOFA)

The Notice of Funding Availability (NOFA) is published in the federal register on an annual basis. The NOFA provides all information necessary to complete an ICDBG application. In each annual publication, the NOFA defines the current year's award criteria. The ICDBG application format and requirements may change from year-to-year, therefore, it is critical to read and become familiar with the current NOFA before beginning the ICDBG application.

1. NOFA CATEGORIES OF INFORMATION

- Funding Opportunity Description
- Award Information
- Eligibility Information

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- Application & Submission Information
- Application Review Information
- Award Administration Information
- Other Information that relates to the ICDBG program

2. NOFA KEY DEFINITIONS

The NOFA definitions describe actions that applicants must take in order to receive points during the rating phase. The definitions also provide guidance for the determination of types of eligible projects. When preparing an application, it is important to understand the actions necessary to comply with the NOFA requirements and that the selected project is eligible for funding. The following are key definitions in the NOFA:

- a. **Adopt** – Adopt is to approve the action through formal resolution by the governing body. For example, a Tribal Council passes a resolution to adopt its financial policies and procedures. A copy of the resolution would be submitted with the grant application.
- b. **Assure** – The applicant must submit a written statement of commitment to comply with a specific NOFA requirement. For example, for a housing construction project, the applicant would assure that all houses would be for LMI households.
- c. **Document** – The applicant is required to include with the application supporting written information or data that satisfies the NOFA requirement. For example, when purchasing land for a housing construction project, a letter from a qualified land appraiser identifying the value of the proposed site would serve as documentation for the amount included in the grant application.
- d. **Entity Other Than Tribe** – An entity other than the tribe must have the following characteristics:
 - Be legally separate from the tribe
 - Its assets and liabilities must be separate from those of the tribe

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- Its governing board is separate and apart from the tribal government
- e. **Homeownership Assistance Programs** – The tribe may apply to provide direct assistance to LMI households by:
- Subsidizing interest rates and mortgage principal amounts
 - Financing the acquisition of the housing that is occupied by the homebuyers
 - Acquiring guarantees for mortgage financing from private lenders (Note: ICDBG funds may not be used to guarantee such mortgages nor can the grantee provide such guarantees directly)
 - Providing up to 50% of a down payment for purchasing housing
 - Paying reasonable closing costs for the purchase of a home
- f. **Leveraged Resources** – Leverage resources are funds to be used in conjunction with ICDBG funds to achieve the objectives of the project. For example, tribal trust funds, loans from individuals or organizations, business investment, private foundation funds, state/federal loans or guarantees; other grants and non-cash contributions as allowable.
- g. **Microenterprise Programs** – Tribes can use ICDBG funds for the development, expansion and stabilization of microenterprises. A microenterprise is defined as a commercial entity with five (5) or fewer employees including the owner. Examples of projects include:
- Providing credit, loans, loan guarantees and other forms of financial support
 - Providing technical assistance, advice and business support services
 - Providing general support such as peer support programs, counseling, child care, transportation and other similar services to owners or persons developing microenterprises
- h. **Operations and Maintenance for Public Facilities and Improvement** – These are items of cost relating to the operation of the physical plant and are addressed in an Operations and Maintenance (O&M) Plan where the tribe assumes these responsibilities or in a

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letter of commitment where a non-tribal entity assumes these responsibilities. Examples of O&M costs include:

- daily or other periodic maintenance activities;
- repairs such as replacing broken windows;
- capital improvements or replacement reserves for repairs such as replacing the roof;
- fire and liability insurance (when project appropriate); and
- security (when project appropriate).

O&M costs **do not** include the cost for delivering a program or service.

- i. **Project Cost** - The project cost is the total cost to implement the project. Total cost includes all ICDBG and non-ICDBG funds.
- j. **Standard Housing/Standard Conditions** – This is housing that meets the housing quality standards (HQS) previously adopted by the applicant. The HQS must be at least as stringent as the requirements contained in 24 CFR 982.401 (Section 8, Tenant –Based Assistance: Housing Choice Voucher Program). The Area ONAP office has the authority to approve less stringent standards based upon a determination that local conditions make the use of Section 8 standards infeasible.

Prior to the ICDBG application due date, a tribe may submit a request for the approval of standards less stringent than Section 8 HQS. If the request is submitted with the ICDBG application, the tribe can not assume an automatic approval of the request.

The adopted standards must provide for:

- A safe house, in a physically sound condition with all systems performing their intended design functions
- A livable home environment and an energy efficient building with systems that incorporate energy conservation measures
- Adequate space and privacy for all intended household members

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- k. **Tribe** – Tribe, when used in the NOFA, the word “tribe” means an Indian tribe, band, group or nation, including Alaska Indians, Aleuts, Eskimos, Alaska Native Villages, ANCSA Village Corporations, and ANCSA Regional Corporations.

3. NEW DEFINITIONS

Two new definitions have been recently added. These focus on how the project *accomplishes* HUD’s purpose for the ICDBG program which is to develop viable Indian and Alaska Native communities, including the creation of decent housing, suitable living environments, and economic opportunities primarily for persons with LMI as defined in the regulations. The new definitions include:

- a. **Outputs** – Outputs are the direct products of a program’s activities. Outputs should be clear enough to allow HUD to monitor and assess the proposed project’s progress if funded. They are usually measured in terms of the volume of work accomplished, such as:
- The number of low-income households served
 - The number of units constructed or rehabilitated
 - Linear feet of curbs or gutters installed
- b. **Outcomes** – Outcomes are the ultimate impact you hope to achieve with the proposed project. An outcome should be quantifiable measures or indicators and identified in terms of the change in the community, lives, economic status, etc. Examples of outcomes could be:
- Increases in percent of housing units in standard conditions
 - Increases in rates of home ownership
 - Increases in rates of employment

It is important to understand these new definitions and adequately address them in your application as they directly impact the number of points awarded to a rating factor.

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4. OTHER KEY DEFINITIONS FROM THE HUD LOGIC MODEL

- a. **Benchmarks** – Benchmarks are used in measuring the progress of services or activities. The benchmarks identified must be applicable to the service or activity to be performed. The benchmarks/output goal will be a quantifiable output goal with a specific timeframe for completion. The benchmarks/output goal will be products or interim products which are used to monitor and assess the progress in achieving the program work plan. The benchmarks/output results are the actual results from the projects such as housing units developed or rehabilitated, jobs created, or number of persons assisted.
- b. **Measurement Reporting Tools** – Measurement reporting tools are the tools used to track output or outcome information (e.g., survey instruments; attendance log; case report; pre-post test; waiting list, etc.).
- c. **Evaluation Process** – The evaluation process is the methodology that will be used to periodically assess the success in meeting the benchmark output goals and output results identified for the achievement of the purposes of the program.

5. RATING FACTORS FOR GRANT APPLICATIONS

The NOFA includes five rating factors for all project types. The five rating factors and the points for each factor are:

Factor 1: Capacity of the Applicant

Factor 2: Need/Extent of the Problem

Factor 3: Soundness of Approach

Factor 4: Leveraging Resources

Factor 5: Comprehensiveness and Coordination

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G. FUNDING AMOUNTS

ICDBG funds are allocated to each of the six Area ONAP jurisdictions responsible for the program. Pursuant to 24 CFR Section 1003.101, each Area ONAP receives one million dollars as a base amount and a share of the balance is allocated using the following formula:

1. 40 % is based on the Area ONAP's total eligible Indian population;
2. 40 % is based on the Area ONAP's share of the total extent of poverty among the eligible Indian population; and
3. 20 % is based on each Area ONAP's share of the total extent of overcrowded housing among the eligible Indian population.

In 2003, the Area ONAPs allocations were adjusted based on data from the 2000 census.

The amount of funds reserved for imminent threat grants during each funding cycle will be stated in the NOFA. The NOFA will state the ceiling amount for imminent threat grants for the year.

The appropriation language for FY 2005 included imminent threat funding up to four million dollars.

H. COMPETITION FOR ICDBG GRANTS

Title I of the Housing and Community Development Act of 1974, which authorized ICDBG, requires that grants for Indian tribes be awarded on a competitive basis in accordance with the selection criteria contained in the NOFA.

Applicants within an Area ONAP's geographic jurisdiction compete for funds *only against other* applicants from within that same area or jurisdiction.

ICDBG grants are awarded competitively each year in response to a published NOFA. The NOFA identifies the grant ceilings for each Area ONAP. Applicants

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may request funding for any number of projects within their application as long as the total amount of ICDBG funds requested is within the maximum grant ceiling.

As a result of Section 103 of the HUD Reform Act of 1989, Area ONAP staff is prevented from providing technical assistance or support to any potential applicant that would result in an advantage in the preparation of their grant application. Therefore, the staff is required to refer tribes to the NOFA for answers to their questions if answering it would create an unfair advantage in the grant rating process.

I. SUMMARY

The ICDBG program has been developed to provide flexibility to meet a tribe's community development needs. The program funds two types of grants: single purpose and imminent threat grants. The grants are designed to address specific community development needs of the tribe.

Single purpose grants must meet the primary objective of benefiting persons of low- and moderate-incomes. This objective can be accomplished in any combination of the identified options, including area benefit, limited clientele, housing, and job creation and retention. Eligible applicants can apply for and implement multiple projects in their ICDBG application.

Each year, as part of the funding process, a Notice of Funding Availability (NOFA) is published in the federal register describing the funding parameters, criteria for rating of applications, definitions and other information critical for submitting an ICDBG application. Because award criteria changes can and do occur between years, it is critical to read and understand each year's NOFA to ensure that grant applications meet that year's requirements.

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PARTICIPANT WORK ACTIVITY ONE

Directions: Read the Federal Register announcement and find the answer to each question. Insert the page number reference for each question on the answer sheet.

Questions to be Answered	Page Number
What is the Catalogue of Federal Domestic Assistance number?	
When is the application due date?	
What is the appropriate amount for ICDBG?	
Where do you find information on Section 103 of the HUD reform act?	
Where do you find the sub-factors for Rating Factor #1?	
How many points are available if a public facility's serves the neediest segment of the population?	
Where do you find HUD's strategic goals?	
What is the number of minimum points from Rating Factor #1 required for funding?	
Where are the definitions found for this NOFA?	
How much money is available for each ONAP region?	
How many days is the financial status report due after the end of the fiscal year?	
How many points can be earned from quantitative documentation that your project meets community development by providing outcomes?	
When is the application deadline?	
After what date will ICDBG award announcement be expected?	
What is the definition of an outcome?	
How many points are available when you leveraging at least 22.5 % of ICDBG project costs?	
Where is the telephone TTY telephone number to challenge utilization data for factor #2?	
Who is an eligible applicant?	

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